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PUBLIC SERVICE COMMISSION

80000 SERIES 10% P.C.W.

Attorney General First Set Data Requests

**ULH&P Case No. 2005-00042** 

Date Received: April 6, 2005

Response Due Date: April 19, 2005

AG-DR-01-103

## **REQUEST:**

- 103. With reference to page 51 lines 1-11, please provide details (date, amount, and costs) of all equity infusions into ULHP made by CG&E
  - a. Over the past five years, and
  - b. Any planned infusions in the future.

### **RESPONSE:**

There have been no equity infusions made by CG&E into ULH&P over the last five years. In connection with the transfer of the generating assets from CG&E to ULH&P, an equity infusion of approximately \$150 million is planned.

WITNESS RESPONSIBLE: Wendy L. Aumiller

Date Received: April 6, 2005 Response Due Date: April 19, 2005

AG-DR-01-202

# **REQUEST:**

- 202. With regard to uncollectible expenses, please provide the following information:
  - a. Provide a worksheet showing the derivation of the Forecasted Test Period uncollectible expenses of \$1,476,819.
  - b. Provide a worksheet showing the derivation of the uncollectible factors shown on WPH-a.
  - c. Schedule C-2.2 shows that the ratio of uncollectible expenses (\$1,150,251) to operating revenues (\$119,705,264) for the 12-month period ended 5/31/04 is 0.96%. Please reconcile this to the average ratio of 1.17% for this same period that would be indicated by the data on WPH-a.
  - d. Schedule C-2.2 shows that the ratio of uncollectible expenses (\$1,225,134) to operating revenues (\$124,614,134) for the Base Period ended 5/31/05 is 0.98%. Please reconcile this to the average ratio of 1.18% (see WPH-a) proposed to be used for ratemaking purposes in this case.
  - e. Please provide the actual account 904 gas uncollectible expenses for each of the years 2002, 2003, 2004 and the 12-month period ended 3/31/05. In addition, for each of these annual periods, provide the actual Total Gas Operating Revenues and the ratios of uncollectible expenses-to-Total Gas Operating Revenues.

### **RESPONSE:**

- a. There appears to be a transposition error in the question as the uncollectible expense for the Forecast Test Period, shown on Schedule C-2.2, is \$1,467,819. See attached AG-01-202a.
- b. See file "AG-DR-01-202b.xls" provided electronically.
- c. The discount expense associated with the Sale of Accounts Receivable is recorded in accounts 904 and 426. However, not all of the activity in account 904 represents discount expense. ULH&P is the collection agent for the sold receivables. ULH&P receives revenues for this service that are also recorded in account 904. These revenues must be added back to the net activity in account 904 to obtain the portion of the account activity that represents discount expense. For this prior year the associated amounts are:

Net Activity Account (904)	\$1,150,251
Sale of Account Receivable Fees (426)	\$147,712
Add back Collection Rev. recorded in account (904)	<u>\$57,428</u>
Total Discount	\$1,355,391

In addition, the revenues above include revenues that are not associated with accounts receivable that are sold. For this prior year the associated revenues are:

Operating Revenues	\$119,705,264
Revenues not associated with sold receivables	(\$713,341)
Revenues associated with sold receivables	\$118,991,923

#### New Calculated Ratio

\$1,355,391 / \$118,991,923 = 1.14%

d. The discount expense associated with the Sale of Accounts Receivable is recorded in accounts 904 and 426. However, not all of the activity in account 904 represents discount expense. ULH&P is the collection agent for the sold receivables. ULH&P receives revenues for this service that are also recorded in account 904. These revenues must be added back to the net activity in account 904 to obtain the portion of the account activity that represents discount expense. For this prior year the associated amounts are:

Net Activity Account (904)	\$1,225,134
Sale of Account Receivable Fees (426)	\$176,326
Add back Collection Rev. recorded account in (904)	<u>\$34,448</u>
Total Discount	\$1,435,908

In addition, the revenues above include revenues that are not associated with accounts receivable that are sold. For this prior year the associated revenues are:

Operating Revenues	\$124,614,134
Revenues not associated with sold receivables	(\$1,208,217)
Revenues associated with sold receivables	\$123,405,917

#### **New Calculated Ratio** \$1,435,908 / \$123,405,917 = 1.16%

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#### e. See table below:

	Loss on	Operating	
<u>Year</u>	Sale of A/R	<u>Revenue</u>	<u>Ratio</u>
2002	944,418	66,220,300	1.43%
2003	1,200,065	108,704,182	1.10%
2004	1,419,114	122,668,524	1.16%

Amounts as of 3/31/05 are not yet available.

WITNESS RESPONSIBLE: William Don Wathen, Jr.

The Union Light, Heat And Power Company Case No. 2005-00042 2005 Sale of Accounts Receivable Budget Center C46 AG-DR-01-202(a) - Page 1 of 1

ULH&P	<u>.</u>	r G	, in	Anr	N N	5	****	Aug	Sep	Öct	No.	Dec	Total
Electric Calendar Month Budget Gas Calendar Month Budget	20,153,000 20,621,000	17,395,000 17,785,000	18,328,000 14,292,000	16,400,000 6,266,000	18,307,000 4,559,000	21,958,000 3,176,000	25,244,000 3,678,000	24,402,000 4,065,000	20,264,000	17,202,000 8,690,000	17,391,000 20,486,000	19,796,000 18,677,000	236,840,000 127,237,000
Total Calendar Month Gross up %	40,774,000	35,180,000 105.00%	32,620,000 105.00%	22,666,000 105.00%	22,866,000 105.00%	25,134,000 105.00%	28,922,000 105.00%	28,467,000 105.00%	25,206,000 105.00%	25,892,000 105.00%	37,877,000 105.00%	38,473,000 105.00%	364,077,000
Total Calendar Month Billing Discount % Discount Expense	42,812,700 1.17% 500,908.59	36,939,000 1.15% 424,798.50	34,251,000 1.15% 393,886.50	23,799,300 1.15% 273,691.95	24,009,300 1.15% 276,106.95	26,390,700 1.14% 300,853.98	30,368,100 1.18% 358,343.58	29,890,350 1.23% 367,651.31	26,466,300 1.28% 338,768.64	27,186,600 1.32% 358,863.12	39,770,850 1.24% 493,158.54	40,396,650 1.26% 508,997.79	***************************************
Collection Revenues Interest Account 426002	21,406 25,225	18,470 28,058	17,126 35,140	11,900	12,005	13,195	15,184	14,945	13,233	13,593	19,885	20,198	191,140 317,757
Interest Account 426092  Net Discount Expense	12,002 442,275	14,287 363,984	18,764 322,857	16,101 215,137	13,237 226,109	13,467 249,093	306,815	310,586	281,266	301,273	6,913	458,400	3,922,944
Gas Percentage	37%	37%	37%	37%	37%	37%	37%	37%	37%	37%	37%	37%	
Gas Discount Expense	163,642	134,674	119,457	79,601	83,660	92,164	113,521	114,917	104,069	111,471	164,705	169,608	1,451,489
2005 Monthly Amount													120,957
Escalation Factor													1.015
2006 Monthly Amount													122,772
Forecasted Period	Oct-05 120,957	Nov-05 120,957	Dec-05 120,957	<u>Jan-06</u> 122,772	Feb-06 122,772	<u>Mar-06</u> 122,772	Apr-06 122,772	May-06 122,772	<u>Jun-06</u> 122,772	<u>Jul-06</u> 122,772	Aug-06 122,772	Sep-06 122,772	<u>Total</u> 1,467,819